

**Audit Report
of
Lancaster County, Nebraska**

Financial Statements

June 30, 2004

AUDIT REPORT
OF
LANCASTER COUNTY, NEBRASKA
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Assets - Modified Cash Basis	3
Statement of Activities - Modified Cash Basis	4
Fund Financial Statements	
Balance Sheet - Modified Cash Basis - Governmental Funds	5
Reconciliation of the Balance Sheet - Modified Cash Basis - Governmental Funds to the Statement of Net Assets - Modified Cash Basis	6
Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis - Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis of Governmental Funds to the Statement of Activities - Modified Cash Basis	8
Statement of Net Assets - Modified Cash Basis - Proprietary Funds	9
Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis - Proprietary Funds	10
Statement of Cash Flows - Modified Cash Basis - Proprietary Funds	11 - 12
Statement of Net Assets - Modified Cash Basis - Fiduciary Funds	13
Statement of Changes in Net Assets - Modified Cash Basis - Fiduciary Funds	14
NOTES TO FINANCIAL STATEMENTS	15 - 38
REQUIRED SUPPLEMENTAL INFORMATION	
Budgetary Comparison Schedules	
General Fund	39
Bridge and Special Road Fund	40
Highway Fund	41
Grants Fund	42
Debt Service Fund	43
Families First Fund	44
Lancaster Manor Fund	45
Community Mental Health Fund	46
Property Management Fund	47
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION	48

AUDIT REPORT
OF
LANCASTER COUNTY, NEBRASKA
TABLE OF CONTENTS

	Page
OTHER SUPPLEMENTAL INFORMATION	
Nonmajor and Special Revenue and Capital Projects Funds	
Combining Balance Sheet - Modified Cash Basis	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Modified Cash Basis	50
Comparative Analysis of Taxes Certified, Corrections and Collections	51
Statements of Accountability	
County Clerk	52
Register of Deeds	53
Clerk of the District Court	54
Sheriff	55
County Attorney	56
Weed Control	57
Corrections Department	58
Engineer	59
Extension Board	60
Veterans' Aid Fund	61
Schedule of Expenditures of Federal Awards	62 - 63
Notes to the Schedule of Expenditures of Federal Awards	64
REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	65 - 66
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	67 - 68
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	69 - 70
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS	71

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CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Lancaster County, Nebraska

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Lancaster County, Nebraska (the County) as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1 to the financial statements, the County prepared its financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between the modified cash basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the County as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2004, on our consideration of Lancaster County, Nebraska's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The accompanying budgetary information on pages 39 to 48 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The other supplemental information, including the Schedule of Expenditures of Federal Awards which is presented as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations", is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Dana F Cole + Company, LLP

Lincoln, Nebraska
December 19, 2004

LANCASTER COUNTY, NEBRASKA
STATEMENT OF NET ASSETS
MODIFIED CASH BASIS
JUNE 30, 2004

ASSETS

	Governmental Activities
ASSETS	
Cash and investments	31,492,015
Due from other government agencies	1,806,101
Capital assets	<u>86,074,164</u>
 TOTAL ASSETS	 <u>119,372,280</u>

LIABILITIES AND NET ASSETS

LIABILITIES	
Vouchers payable	2,341,120
Other liabilities	1,293,426
Claims payable	540,126
Due to other government agencies	50,000
Capital leases payable	
Expected to be paid in one year	59,987
Expected to be paid after one year	102,192
Bonds payable	
Expected to be paid in one year	2,630,000
Expected to be paid after one year	<u>8,030,000</u>
TOTAL LIABILITIES	<u>15,046,851</u>
 NET ASSETS	
Invested in capital assets, net of related debt	75,251,985
Restricted	
Debt service	7,808,401
Capital projects	342,902
Unrestricted	<u>20,922,141</u>
 TOTAL NET ASSETS	 <u>104,325,429</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2004

		Program Receipts		Net (Disbursements) Receipts and Changes in Fund Equity Primary Government
	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Functions/Programs				
Governmental activities				
General Government	23,889,903	11,128,289	3,557,551	(9,204,063)
State Medicaid Intergovernmental Transfer	10,997,500	10,997,500		
Public Safety	32,089,061	6,151,394	3,358,814	(22,578,853)
Public Welfare and Social Services	17,319,535		7,773,162	(9,546,373)
Public Works	13,708,103	610,577	7,970,583	(5,126,943)
Public Health	23,437,237	16,204,819	4,754,463	(2,477,955)
Culture and Recreation	609,680			(609,680)
Debt service interest	785,680			(785,680)
Total governmental activities	<u>122,836,699</u>	<u>45,092,579</u>	<u>27,414,573</u>	(50,329,547)
General receipts				
Taxes				
Property taxes, motor vehicle and other taxes for general purposes				46,357,161
Property taxes, motor vehicle and other taxes for debt purposes				1,936,926
Unrestricted investment earnings				1,026,962
Miscellaneous				2,530,931
Total general receipts				<u>51,851,980</u>
CHANGE IN NET ASSETS				1,522,433
NET ASSETS, beginning of year				<u>102,802,996</u>
NET ASSETS, end of year				<u>104,325,429</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA
BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2004

	General Fund	Bridge and Special Road Fund	Highway Fund	Grants Fund	Debt Service Fund	Families First Fund	Lancaster Manor Fund	Community Mental Health Fund	Property Management Fund	Other Governmental Funds	Total Governmental Funds
ASSETS											
Cash and investments	11,108,709	2,555,555	1,264,138	908,353	2,032,222	2,208,732	1,236,725	182,450	69,090	2,410,573	23,976,547
Due from other government agencies	1,042,139		515,636		8,165			238,173		1,988	1,806,101
TOTAL ASSETS	12,150,848	2,555,555	1,779,774	908,353	2,040,387	2,208,732	1,236,725	420,623	69,090	2,412,561	25,782,648
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Vouchers payable	1,001,580	217,563	190,938	236,944		280,880	137,682	90,566	19,683	151,514	2,327,350
Other liabilities	615,065	32,133	37,170	50,000		6,531	206,271	96,351	184,222	17,102	1,194,845
Due to other government agencies											50,000
Total liabilities	1,616,645	249,696	228,108	286,944		287,411	343,953	186,917	203,905	168,616	3,572,195
FUND BALANCES											
Reserved for:											
Encumbrances	502,051	1,409,823	1,191,817	280,663		580		12,300		678,293	4,075,527
Debt services					2,040,387						2,040,387
Unreserved	10,032,152	896,036	359,849	340,746		1,920,741	892,772	221,406	(134,815)	1,565,652	16,094,539
Total fund balances	10,534,203	2,305,859	1,551,666	621,409	2,040,387	1,921,321	892,772	233,706	(134,815)	2,243,945	22,210,453
TOTAL LIABILITIES AND FUND BALANCES	12,150,848	2,555,555	1,779,774	908,353	2,040,387	2,208,732	1,236,725	420,623	69,090	2,412,561	25,782,648

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA
RECONCILIATION OF THE BALANCE SHEET - MODIFIED CASH BASIS -
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS -
MODIFIED CASH BASIS
JUNE 30, 2004

Amounts reported in the governmental activities in the statement
of net assets - modified cash basis are different because:

Total fund balances for the governmental funds	22,210,453
Capital assets are reported at historical cost, net of accumulated depreciation on the statement of net assets - modified cash basis.	86,074,164
Capital lease payable and bonds payable are reported on the statement of net assets - modified cash basis	(10,822,179)
Internal service funds are used by the County to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets - modified cash basis.	<u>6,862,991</u>
Total governmental activities net assets in the statement of net assets - modified cash basis	<u>104,325,429</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2004

	General Fund	Bridge and Special Road Fund	Highway Fund	Grants Fund	Debt Service Fund	Families First Fund	Lancaster Manor Fund	Community Mental Health Fund	Property Management Fund	Other Governmental Funds	Total Governmental Funds
REVENUES COLLECTED											
Taxes	43,046,763	6	28,732	2,497	1,936,926			1,737,449		1,570,446	48,294,087
License, fees and rental income	13,572,104	363,652	11,047,420				15,097,800	1,105,659	2,441,430	1,104,736	44,761,553
Interest on investments	661,278	56,967	23,808	3,606						9,558	755,217
Intergovernmental	5,063,526		5,220,088	3,332,698		7,779,471		4,651,589		292,264	26,339,636
Other receipts	1,051,079	1,000	92,589	85,694			89,395	126,069		1,085,105	2,530,931
Total revenues collected	<u>63,394,750</u>	<u>421,625</u>	<u>5,365,217</u>	<u>14,471,915</u>	<u>1,936,926</u>	<u>7,779,471</u>	<u>15,187,195</u>	<u>7,620,766</u>	<u>2,441,430</u>	<u>4,062,129</u>	<u>122,681,424</u>
EXPENDITURES PAID											
Governmental activities											
General Government	17,055,611			10,997,500						939,747	31,408,000
Public Safety	30,641,725			1,447,336							32,089,061
Public Welfare and Social Services	8,611,307			2,249,694		6,458,534					17,319,535
Public Works	2,567,204						15,401,121	7,706,502		2,336,077	16,648,655
Public Health	127,446		6,321,036	5,424,338						7,500	23,242,569
Culture and Recreation										609,680	609,680
Debt service											
Debt service interest					570,392						570,392
Debt service principal					2,569,182						2,569,182
Total expenditures paid	<u>59,003,293</u>	<u>6,321,036</u>	<u>5,424,338</u>	<u>14,694,530</u>	<u>3,139,574</u>	<u>6,458,534</u>	<u>15,401,121</u>	<u>7,706,502</u>	<u>2,415,142</u>	<u>3,893,004</u>	<u>124,457,074</u>
EXCESS (DEFICIENCY) OF REVENUES COLLECTED AND EXPENDITURES PAID	4,391,457	(5,899,411)	(59,121)	(222,615)	(1,202,648)	1,320,937	(213,926)	(85,736)	26,288	169,125	(1,775,650)
OTHER FINANCING SOURCES (USES)											
Operating transfers in	412,700	4,254,572		577,033		65,499	2,500			163,228	5,475,532
Operating transfers out	(5,055,862)			(20,979)		(133,000)				(265,691)	(5,475,532)
Total other financing sources (uses)	<u>(4,643,162)</u>	<u>4,254,572</u>		<u>556,054</u>		<u>(67,501)</u>	<u>2,500</u>			<u>(102,463)</u>	
NET CHANGE IN FUND BALANCES	(251,705)	(1,644,839)	(59,121)	333,439	(1,202,648)	1,253,436	(211,426)	(85,736)	26,288	66,662	(1,775,650)
FUND BALANCES, beginning of year	10,785,908	3,950,698	1,610,787	287,970	3,243,035	667,885	1,104,198	319,442	(161,103)	2,177,283	23,986,103
FUND BALANCES, end of year	<u>10,534,203</u>	<u>2,305,859</u>	<u>1,551,666</u>	<u>621,409</u>	<u>2,040,387</u>	<u>1,921,321</u>	<u>892,772</u>	<u>233,706</u>	<u>(134,815)</u>	<u>2,243,945</u>	<u>22,210,453</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2004

Amounts reported in the governmental activities in the statement of activities - modified cash basis are different because:

Total net change in fund balances for the governmental funds.	(1,775,650)
Capital outlays are reported as expenditures in the governmental funds report. However, in the statement of activities - modified cash basis, the cost is depreciated. The capital outlays (\$5,075,489) exceed the depreciation (\$3,553,185).	1,522,304
Payment of bond principal and the principal portion of the capital lease payable is an expenditure in the governmental funds, but the repayment reduces the long-term debt liabilities in the statement of net assets - modified cash basis.	2,569,182
Principal portion of a capital lease payable (no cash received) is an increase to the long-term debt liabilities in the statements of net assets - modified cash basis.	(51,699)
Internal service funds are used by the County to charge the costs of certain activities to individual funds. The activities of the internal service funds are included in the governmental activities in the statement of activities - modified cash basis.	<u>(741,704)</u>
Total governmental activities change in net assets in the statement of activities - modified cash basis.	<u>1,522,433</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
JUNE 30, 2004

	Internal Service Funds				
	Workers' Compensation Loss Fund	Other Self- Insurance Fund	Dental Self- Insurance Fund	Lancaster Leasing Corporation	Total Internal Service Funds
ASSETS					
Cash and investments	<u>260,796</u>	<u>1,194,611</u>	<u>194,876</u>	<u>5,865,185</u>	<u>7,515,468</u>
TOTAL ASSETS	<u>260,796</u>	<u>1,194,611</u>	<u>194,876</u>	<u>5,865,185</u>	<u>7,515,468</u>
LIABILITIES					
Vouchers payable	13,770				13,770
Other liabilities	1,410			97,171	98,581
Claims payable	<u>540,126</u>				<u>540,126</u>
TOTAL LIABILITIES	<u>555,306</u>			<u>97,171</u>	<u>652,477</u>
NET ASSETS					
Unrestricted	(294,510)	1,194,611	194,876		1,094,977
Restricted				<u>5,768,014</u>	<u>5,768,014</u>
TOTAL NET ASSETS	<u>(294,510)</u>	<u>1,194,611</u>	<u>194,876</u>	<u>5,768,014</u>	<u>6,862,991</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2004

	Internal Service Funds				
	Workers' Compensation Loss Fund	Other Self- Insurance Fund	Dental Self- Insurance Fund	Lancaster Leasing Corporation	Total Internal Service Funds
OPERATING REVENUES					
Charges for services	617,489	161,437	533,313		1,312,239
Rental income				93,724	93,724
Total operating revenues	<u>617,489</u>	<u>161,437</u>	<u>533,313</u>	<u>93,724</u>	<u>1,405,963</u>
OPERATING EXPENSES					
Employee services	817,418	274,448	443,050		1,534,916
Personnel services	73,073				73,073
Claims expense	45,539	30,842	54,754		131,135
Total operating expenses	<u>936,030</u>	<u>305,290</u>	<u>497,804</u>		<u>1,739,124</u>
OPERATING INCOME (LOSS)	(318,541)	(143,853)	35,509	93,724	(333,161)
NONOPERATING REVENUES (EXPENSES)					
Investment income	5,334	20,768		245,643	271,745
Debt service principal				(465,000)	(465,000)
Debt service interest				(215,288)	(215,288)
Total nonoperating revenues (expenses)	<u>5,334</u>	<u>20,768</u>		<u>(434,645)</u>	<u>(408,543)</u>
INCOME (LOSS) BEFORE TRANSFERS	(313,207)	(123,085)	35,509	(340,921)	(741,704)
TRANSFERS IN					
CHANGE IN NET ASSETS	(313,207)	(123,085)	35,509	(340,921)	(741,704)
NET ASSETS, beginning of year	<u>18,697</u>	<u>1,317,696</u>	<u>159,367</u>	<u>6,108,935</u>	<u>7,604,695</u>
NET ASSETS, end of year	<u>(294,510)</u>	<u>1,194,611</u>	<u>194,876</u>	<u>5,768,014</u>	<u>6,862,991</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Internal Service Funds				
	Workers' Compensation Loss Fund	Other Self- Insurance Fund	Dental Self- Insurance Fund	Lancaster Leasing Corporation	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES					
Received from user charges	617,489	161,437	533,313	190,895	1,503,134
Payments for employees indemnity	(593,723)	(287,283)	(54,754)		(935,760)
Payments for personnel services	(73,073)				(73,073)
Payments for claims/insurance	<u>(45,539)</u>	<u>(30,842)</u>	<u>(443,050)</u>		<u>(519,431)</u>
Net cash provided by (used in) operating activities	<u>(94,846)</u>	<u>(156,688)</u>	<u>35,509</u>	<u>190,895</u>	<u>(25,130)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal and interest payment				<u>(680,288)</u>	<u>(680,288)</u>
Net cash used in capital and related financing activities				<u>(680,288)</u>	<u>(680,288)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment activity				36,858	36,858
Interest on investments	<u>5,334</u>	<u>20,768</u>		<u>208,785</u>	<u>234,887</u>
Net cash provided by investing activities	<u>5,334</u>	<u>20,768</u>		<u>245,643</u>	<u>271,745</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(89,512)	(135,920)	35,509	(243,750)	(433,673)
CASH AND CASH EQUIVALENTS, beginning of year	<u>350,308</u>	<u>1,330,531</u>	<u>159,367</u>	<u>6,108,935</u>	<u>7,949,141</u>
CASH AND CASH EQUIVALENTS, end of year	<u>260,796</u>	<u>1,194,611</u>	<u>194,876</u>	<u>5,865,185</u>	<u>7,515,468</u>

LANCASTER COUNTY, NEBRASKA
STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Internal Service Funds				
	Workers' Compensation Loss Fund	Other Self- Insurance Fund	Dental Self- Insurance Fund	Lancaster Leasing Corporation	Total Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Operating income (loss)	(318,541)	(143,853)	35,509	93,724	(333,161)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Change in assets and liabilities:					
Claims payable	216,910				216,910
Vouchers payable	6,607	(12,835)			(6,228)
Other liabilities	178			97,171	97,349
Total adjustments	<u>223,695</u>	<u>(12,835)</u>		<u>97,171</u>	<u>308,031</u>
Net cash provided by (used in) operating activities	<u>(94,846)</u>	<u>(156,688)</u>	<u>35,509</u>	<u>190,895</u>	<u>(25,130)</u>
RECONCILIATION OF CASH AND INVESTMENTS					
Cash and cash equivalents	260,796	1,194,611	194,876	717,801	2,368,084
Investments				5,147,384	5,147,384
Total cash and investments	<u>260,796</u>	<u>1,194,611</u>	<u>194,876</u>	<u>5,865,185</u>	<u>7,515,468</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2004

	Pension Trust Funds	Agency Funds
ASSETS		
Cash and investments	<u>63,708,381</u>	<u>17,869,675</u>
TOTAL ASSETS	<u>63,708,381</u>	<u>17,869,675</u>
LIABILITIES		
Due to others	<u> </u>	<u>17,869,675</u>
TOTAL LIABILITIES	<u> </u>	<u>17,869,675</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u>63,708,381</u>	<u> </u>
TOTAL NET ASSETS	<u>63,708,381</u>	<u> </u>

See accompanying notes to financial statements.

LANCASTER COUNTY NEBRASKA
STATEMENT OF CHANGES IN NET ASSETS - MODIFIED CASH BASIS
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2004

	Pension Trust Fund
ADDITIONS	
Member contributions	1,868,484
Employer contributions	2,748,785
Investment earnings	<u>6,467,030</u>
Total additions	<u>11,084,299</u>
DEDUCTIONS	
Benefits	<u>1,374,693</u>
CHANGE IN NET ASSETS	9,709,606
NET ASSETS, beginning of year	<u>53,998,775</u>
NET ASSETS, end of year	<u>63,708,381</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies of Lancaster County, Nebraska (the County).

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments". The changes in presentation and format required by GASB Statement No. 34 are reflected in the accompanying financial statements (including notes to the financial statements). The County elected to present its financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

A. ORGANIZATION

Lancaster County, Nebraska is a governmental entity established under and governed by the laws of the State of Nebraska. As a political subdivision of the State, the County is exempt from state and federal income taxes.

B. REPORTING ENTITY

The County has given consideration to potential component units for which it is financially accountable. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of the organization's governing body and the ability of the County to impose its will on that organization to provide specific financial benefits to, or impose specific financial burdens on the County. As required by accounting principles generally accepted in the United States of America, these financial statements present the County (the primary government) and its component unit. The component unit is included in the County's reporting entity because of the significance of their operational or financial relationships with the County. Complete financial statements of the individual component unit that issues separate financial statements as noted below can be obtained from their respective administrative office. The associated entity over which the County is considered to be financially accountable is included in the County's financial statements and is described below.

C. BLENDED COMPONENT UNIT

The component unit is a legally separate entity from the County, but is so intertwined with the County that it is, in substance, the same as the County. It is reported as a part of the County's Proprietary Fund as an internal service fund.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BLENDED COMPONENT UNIT (Continued)

The Lancaster County Leasing Corporation (the Corporation) is a nonprofit corporation that exists for the purpose of issuing bonds for the acquisition or construction of facilities which are in turn leased to the County. Lease payments by the County correspond to principal and interest requirements on the bonds. Separate audited financial statements of the Corporation are available at the County City Building, 555 South 10th Street, Lincoln, Nebraska 68508.

D. JOINT VENTURES

The County has entered into two (2) multi-governmental arrangements creating two (2) entities that are governed by the representatives from each of the participating governments. These entities are considered to be joint ventures. The County does not have an ongoing financial interest (equity interest); therefore, these joint ventures are not included in the financial statements of the County.

Lincoln-Lancaster County Public Building Commission

In 1990, the City and the County of Lancaster, pursuant to state statute, activated a separate governmental entity denominated as the Lincoln-Lancaster County Public Building Commission. The purpose of this joint venture is to design, acquire, construct, maintain, operate, improve, remodel, remove and reconstruct, so long as its corporate existence continues, public buildings, structures, or facilities for use jointly by the City and the County. The City and the County each appoint two members to the five-member Commission, with the fifth member being appointed by the other four members. All property held or acquired by the Commission is held or acquired in the name of the City and the County for use by the Commission in its corporate capacity. The Commission's costs of operation and debt service are funded through rental payments made by the City and the County based upon their proportionate occupancy of such buildings to the extent not covered by a maximum property tax levy of 1.7 cents for each \$100 of actual valuation of taxable property in the County. For the year ended June 30, 2004, the County made rental payments of \$1,527,005 to the Commission.

As of June 30, 2004, the Commission has bonds outstanding of \$37,815,000 attributable to several bond issues. Proceeds from the bonds have been utilized by the Commission to acquire, construct, and/or renovate certain buildings occupied by the City and County. The County's proportionate share of such buildings are recorded as capital assets net of the related debt balance. Lease payments are not recorded as capital lease payments in the Debt Service Funds but rather are recorded as current expenditures in the various individual funds.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. JOINT VENTURES (Continued)

Lincoln-Lancaster County Public Building Commission (Continued)

Subsequent to June 30, 2004, bonds of \$11,580,000 have been issued to acquire land, construct and furnish an addition to the Lincoln-Lancaster County Health Department building, construct additional parking facilities, and renovate and improve the current Health facilities. The County's proportionate share of the Health facilities renovations will be recorded in capital assets and capital leases upon completion, in relation to the ultimate transfer of the asset to the City and County.

Complete separate financial statements for the Commission may be obtained at the Lincoln-Lancaster County Public Building Commission, 920 "O" Street, Room 203, Lincoln, Nebraska 68508.

Lancaster County Fairgrounds Joint Public Agency

The Lancaster County Fairgrounds Joint Public Agency (the Agency) was established to acquire land and construct capital improvements thereon for the establishment and expansion of the Lancaster County Fairgrounds. The Agency is not accumulating significant financial resources and is not experiencing fiscal stress that could cause an additional financial benefit or burden in the County. The Board shall consist of five representatives, of whom the Society shall appoint three and the County shall appoint two. Complete audited financial statements for the Agency can be obtained from 4100 North 84th Street, Lincoln, Nebraska 68508.

E. BASIS OF PRESENTATION

Government-Wide Financial Statements

For the year ended June 30, 2004, the County adopted the provisions of Statement No. 34 ("Statement No. 34") of the Governmental Accounting Standards Board "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments", GASB Statement No. 37, "Basic Combined Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Notes Disclosures", and GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". Statement No. 34 established standards for external financial reporting for all state and local government entities, which includes government-wide financial statements, fund financial statements and the classification of net assets into three components - invested in capital assets, net of related debt; restricted; and unrestricted.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BASIS OF PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods and services. The County did not have any activities that met the definition of a business-type activity. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general receipts.

Fund Financial Statements

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements as applicable.

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. An emphasis is placed on major funds within the governmental and proprietary categories. The County does not presently have any funds that would meet the definition of a proprietary activity. A fund is considered major if it is the primary operating fund of the County or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BASIS OF PRESENTATION (Continued)

- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the County and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for proceeds of the specific revenue sources (other than special assessments or major capital projects) that are legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the County. The reporting entity includes the following special revenue funds, the first seven funds were chosen to be reported as major funds and the remaining are to be reported as nonmajor funds:

<u>Fund</u>	<u>Brief Description</u>
Bridge and Special Road Fund	The Bridge and Special Road Fund accounts for local funds allocated for the construction of roads and bridges.
Highway Fund	The Highway Fund accounts for the receipt and expenditure of the State Highway Trust funds received from the State of Nebraska and used for the maintenance of roads and bridges.
Grants Fund	The Grants Fund receives and accounts for the expenditure of federal, state and private grants not reported in the operations of specific agencies.
Families First Fund	Accounts for a federal grant, "Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances" and for a state contract for wrap around services for state wards.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BASIS OF PRESENTATION (Continued)

Fund Financial Statements (Continued)

Governmental Funds (Continued)

<u>Fund</u>	<u>Brief Description</u>
Lancaster Manor Fund	The Lancaster Manor Fund is the operating fund for the County Long-Term Care Program funded largely with Medicaid dollars.
Community Mental Health Fund	The Community Mental Health Fund is the operating fund for providing community based mental health services funded with state and federal dollars through Region V and local tax dollars.
Property Management Fund	The Property Management Fund pays the wages and benefits of Public Building Commission employees. The Public Building Commission reimburses the County for wages and benefits paid.
Weed Control, County Property Management, Building Maintenance, Visitor's Promotion, Rural Library, Veterans Aid, Keno, Economic Development Rural Enterprise	These funds account for revenues and expenditures as stated in the fund name.

Debt Service Fund - The Debt Service Fund is used to record receipts and expenditures for bond principal and interest payments. The General Fund is used to make interest and bond retirement payments if the Debt Service Fund is not sufficient to meet these requirements.

Proprietary Funds

Internal Service Funds - These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governmental units on a cost-reimbursement basis.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BASIS OF PRESENTATION (Continued)

Fiduciary Fund Types

Trust and Agency Funds

Trust and Agency Funds are used to account for assets held by the County in a trustee capacity for other governmental units. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

F. BASIS OF ACCOUNTING

The County prepared its financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Governmental Activities, Governmental, Proprietary and Fiduciary Fund Types

The County recognizes revenue when received and expenditures when paid, with the exception of vouchers payable, other liabilities (payroll withholdings), claims payable and commitments such as salaries owed, which are recorded as expenditures. The governmental fund types do not include accounts receivable, prepaid items or accrued compensated absences.

In reporting the financial activity of its proprietary funds, the County applies all applicable FASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures.

Fiduciary Fund Type

Trust and Agency funds are used to account for assets held by the County in a trustee capacity or an agent for individuals, private organizations, other governments and/or other funds. These include the Pension Trust and the Agency Funds.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

G. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, cash equivalents are defined as short-term investments, which are carried at cost and have an original maturity when purchased of less than 90 days.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. INVESTMENTS

Investments are stated at cost, except for investments in the Pension Trust Fund (annuities, insurance contracts and mutual funds) which are carried at fair value.

I. CAPITAL ASSETS

Capital assets are those assets which have been acquired for general government purposes. Upon acquisition, such assets are recorded as expenditures in the appropriate governmental fund type and capitalized at estimated fair value for buildings, historical cost or replacement cost if actual cost is not available for equipment, or, in the case of contributed assets, at estimated fair value at the time of the contribution to the County. The County's capitalization threshold for equipment, buildings and infrastructure is \$5,000. Infrastructure assets include roads, bridges and culverts. Depreciation is calculated using the straight-line method with a modified full month conversion. The estimated useful life ranges from 5 to 50 years.

J. COMPENSATED ABSENCE

It is the County's policy to permit employees to earn annual vacation and sick leave at various rates during their periods of employment. In the event of termination, an employee is reimbursed for accumulated vacation time up to a maximum carry over of 240 hours. Employees do not receive payment of unused sick leave upon termination of employment except for retirement, death or if the employee has 15 years of service and has in excess of 1,000 hours of extended sick leave. Accrued vacation is expected to be used within one year.

K. BUDGETS AND BUDGETARY ACCOUNTING

The County follows these procedures in establishing the budgetary data reflected in the supplemental information in accordance with the statutory requirements of the Nebraska Budget Act:

On or before August 1, the County Board of Commissioners prepares and transmits a budget for each County fund showing the projected requirements, outstanding warrants, operating reserve, cash on hand at the close of the preceding fiscal year, projected revenue collected from sources other than property tax and amount to be raised by property taxation. The budget is prepared on the cash receipts and disbursements basis of accounting. Encumbrances are also reflected as expenditures for budgetary purposes.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. BUDGETS AND BUDGETARY ACCOUNTING (Continued)

At least one public hearing must be held by the County Board.

On or before September 20, the County Board of Commissioners, after the action of the State Board of Equalization and Assessment has been certified to the County Clerk, the budget, as revised, is adopted and the amounts provided therein are appropriated.

The County Board is authorized to transfer budgeted amounts between departments within any fund through resolution; however, revisions that alter the total expenditures of any fund require that an additional public hearing be held.

L. PROPERTY TAXES

Based on the valuation as of January 1, property taxes are levied by the County Board on or before November 1 of each year for all political subdivisions in the County. Real estate and personal property taxes are due December 31 of the year in which the property is appraised. One-half of the taxes become delinquent April 1 and August 1 of the following year.

The County collects its own property taxes and those of certain other taxing entities. Collections of the taxes for others, pending distribution, are accounted for in agency funds.

Counties are permitted by the State Constitution to levy a tax up to \$0.50 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on bonded debt. They may levy taxes in addition to the \$0.50 limitation upon a vote of the people. The tax levy remained below the \$0.50 limitation for 2004.

Also, \$0.05 of the \$0.50 limit may only be levied to provide services offered jointly with another government under an interlocal agreement. The County may share \$0.15 of its levy authority with rural fire districts and other political subdivision no longer having any levy authority.

Additionally, the legislature, as part of a property tax relief package, prohibited counties from adopting a budget containing "restricted funds" which are greater than 2.5% of the prior year budgeted restricted funds, plus the percentage change in valuation increase attributable to new construction and additions to buildings in excess of 2.5%. Restricted funds include property taxes, payments in-lieu-of taxes, and state aid less amounts budgeted for capital improvements and bonded indebtedness.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. INTERFUND TRANSACTIONS

Following is a description of the types of interfund transactions made during the year and the related accounting policies:

Transactions for Services Rendered or Facilities Provided (Quasi-External Transactions)

These transactions are recorded as revenue collected in the receiving fund and expenditures paid in the disbursing fund. These transactions have been eliminated from the government-wide financial statements.

Transactions to Reimburse a Fund for Expenditures Paid by it for a Specific Identifiable Cost Applicable to the Reimbursing Fund

These transactions are recorded as expenditures paid in the disbursing fund and as expenditure reimbursements in the receiving fund. These transactions have been eliminated from the government-wide financial statements.

Operating Transfers

These transactions include all other transactions not classified as quasi-external transactions or reimbursements. The transfers between governmental and proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

NOTE 2. DEPOSITS AND INVESTMENTS

The County has pooled the cash resources of the various funds for investment purposes. Each fund's portion of total cash and investments is summarized by fund type on the combined statement of assets and other debits, liabilities, fund equity and other credits - all fund types and account groups. Interest earned on pooled funds, except for interest earned on the pension trust, is credited to the County General Fund in accordance with Nebraska State Statute Section 77-2315, R.R.S. 1943.

In accordance with Nebraska State Statute Section 77-2232.04, no deposits in excess of the amount insured by the Federal Deposit Insurance Corporation (FDIC) shall be made in any financial institution unless the County has received security for the prompt repayment of the deposits in excess of the amount insured by the FDIC in the form of surety bond with corporate sureties approved by the County or a pledge of security interest.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Deposits

For reporting purposes, the County's deposits are in these three categories of credit risk:

- | | |
|------------|--|
| Category 1 | Insured or registered, or securities held by the County or its agent in the County's name. |
| Category 2 | Uninsured or unregistered with securities held by the counterpart or by its trust department or agent in the County's name. |
| Category 3 | Uninsured and unregistered with securities held by the counterpart, or by its trust department or agent, but not in the County's name. |

As of June 30, 2004, the County's total deposits (bank balances) were \$33,790,111. Category one credit risk was \$33,790,111. As of June 30, 2004, Lancaster County Leasing Corporation's deposits of \$717,801 were held in trust in a money market fund that invests in U.S. Government securities.

Investments

Nebraska State Statute Section 77-2315 authorizes the County Treasurer with the consent of the County Board to invest in United States Government bonds, bonds and debentures issued either singly or collectively by any of the twelve federal land banks, the twelve intermediate credit banks or the thirteen banks for cooperatives under the supervision of the Farm Credit Administration, United States Treasury notes, bills or certificates of indebtedness maturing within two years from the date of purchase or in certificates of deposit.

For reporting purposes, the County's deposits are in these three categories of credit risk:

- | | |
|-------------|--|
| Category a. | Insured or registered, or securities held by the County or its agent in the County's name. |
| Category b. | Uninsured or unregistered with securities held by the counterpart or by its trust department or agent in the County's name. |
| Category c. | Uninsured and unregistered with securities held by the counterpart, or by its trust department or agent, but not in the County's name. |

The County's investments, totaling \$17,744,219 consisted of U.S. Government securities and U.S. Government securities held in trust. The U.S. Government securities were category "a" credit risk.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments in Employees' Retirement System

Investments in the employees' retirement system are carried at fair value. At June 30, 2004, the balances of investments in the employees' retirement system were \$63,708,381. The investments consist of mutual funds and similar pooled arrangements and, therefore, are not categorized as to credit risk.

Summary of Cash and Investments

The carrying value and fair value for cash and investments was as follows at June 30, 2004:

	<u>Carrying Value</u>	<u>Fair Value</u>
Cash on hand	998,271	998,271
Cash in bank (checking, money markets, CDs)	30,619,205	30,619,205
Cash in trust	6,210,978	6,210,978
Federal Home Loan note	10,014,291	9,951,328
U.S. Government securities held in trust	<u>1,518,945</u>	<u>1,533,672</u>
	<u>49,361,690</u>	<u>49,313,454</u>

NOTE 3. LEASES

Capital Leases

The County has entered into several lease agreements for equipment and vehicle purchases with unrelated parties at interest rates ranging from 3.25% to 5.50%. Assets under capital leases totaled \$298,170.

The following is a schedule of future minimum lease payments, which will be paid by the General Fund, under capital leases, together with the net present value of the minimum lease payments as of June 30, 2004.

Year Ending <u>June 30,</u>	
2005	65,116
2006	56,287
2007	33,774
2008	11,262
2009	<u>5,631</u>
Total minimum lease payments	172,070
Less amounting representing interest	<u>9,891</u>
Present value of minimum lease payments	<u>162,179</u>

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 3. LEASES (Continued)

Operating Leases

The County has an operating lease for space at the minimum security corrections facility with unrelated parties. Future minimum lease payments due under this operating lease as of June 30, 2004 are as follows:

Year Ending <u>June 30,</u>	
2005	63,228
2006	63,755
2007	69,552
2008	69,552
2009	69,552
2010 - 2014	369,183
2015 - 2016	<u>146,625</u>
	<u>851,447</u>

Rent expense for these operating leases for the year ended June 30, 2004 was \$63,228. Community Mental Health Center (a special revenue fund of the County) maintains month-to-month operating leases for various apartments used to house the mentally ill, as well as office space used for operations. Lease expenditures paid were approximately \$224,006 for the year ended June 30, 2004.

NOTE 4. LONG-TERM DEBT

The following is a list of outstanding general and tax-supported bonds by issue date:

<u>Issue Date</u>	<u>Scheduled Retirement Date</u>	<u>Date Callable</u>	<u>Interest Rate Range</u>	<u>Amount Originally Issued</u>	<u>Outstanding at June 30, 2004</u>
10-15-94	12-01-04	10-15-99	4.10 - 5.65	2,965,000	375,000
11-01-95	11-01-05	11-01-00	3.80 - 4.85	765,000	180,000
12-01-95	12-01-06	12-01-00	4.00 - 5.00	1,450,000	505,000
10-30-98	7-15-12	10-30-03	3.25 - 4.50	7,415,000	4,840,000
11-15-99	11-15-06	11-15-04	4.00 - 4.50	<u>10,155,000</u>	<u>4,760,000</u>
				<u>22,750,000</u>	<u>10,660,000</u>

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 4. LONG-TERM DEBT (Continued)

The annual requirements to pay principal and interest on outstanding general and tax-supported bonds are shown below:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	2,630,000	411,371	3,041,371
2006	2,350,000	302,584	2,652,584
2007	2,360,000	199,832	2,559,832
2008	545,000	136,820	681,820
2009	570,000	114,303	684,303
2010 - 2013	<u>2,205,000</u>	<u>199,550</u>	<u>2,404,550</u>
	<u>10,660,000</u>	<u>1,364,460</u>	<u>12,024,460</u>

The changes in long-term debt are shown below:

	<u>June 30, 2003</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2004</u>
General obligation bonds	13,170,000		2,510,000	10,660,000
Capital leases payable (Note 3)	<u>169,662</u>	<u>51,699</u>	<u>59,182</u>	<u>162,179</u>
	<u>13,339,662</u>	<u>51,699</u>	<u>2,569,182</u>	<u>10,822,179</u>

NOTE 5. CAPITAL ASSETS

The following is a summary of the changes in capital assets as of June 30, 2004:

<u>Fixed Assets</u>	<u>June 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2004</u>
Land	5,643,043	466,339		6,109,382
Land improvements	1,610,527			1,610,527
Building	51,805,808	404,281		52,210,089
Machinery and equipment	5,686,164	612,477	95,629	6,203,012
Licensed vehicles	8,668,194	417,997	301,026	8,785,165
Construction in progress	321,556			321,556
Infrastructure	<u>50,741,144</u>	<u>4,100,350</u>	<u>988,164</u>	<u>53,853,330</u>
	<u>124,476,436</u>	<u>6,001,444</u>	<u>1,384,819</u>	<u>129,093,061</u>

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

<u>Accumulated Depreciation</u>	June 30, <u>2003</u>	<u>Additions</u>	<u>Deletions</u>	June 30, <u>2004</u>
Land improvements	567,170	77,297		644,467
Building	12,489,463	1,327,859		13,817,322
Machinery and equipment	2,932,137	403,829	48,587	3,287,379
Licensed vehicles	6,076,232	630,731	198,541	6,508,422
Infrastructure	<u>17,859,574</u>	<u>1,113,469</u>	<u>211,736</u>	<u>18,761,307</u>
	<u>39,924,576</u>	<u>3,553,185</u>	<u>458,864</u>	<u>43,018,897</u>
Property, plant and equip- ment, net of accumulated depreciation	<u>84,551,860</u>			<u>86,074,164</u>

NOTE 6. EMPLOYEES' RETIREMENT SYSTEM

The County board has adopted the provisions of Section 23-1118, R.R.S. 1943, a Nebraska State Statute, which provides any county have a population of more than 100,000 inhabitants, the authority to provide retirement benefits to its employees and to establish a fully funded, single-employer, defined contribution retirement plan, the Lancaster County Nebraska Employees' Retirement Plan (the Plan).

The Plan automatically covers substantially all regular employees who have attained age 25 and completed one year of continuous service. Upon attaining age 21 and after completing six months of continuous service, employees may voluntarily enter the Plan. The employee has the choice of whether or not to participate in the Plan if the employee has attained the age 55 prior to the date of employment. The County is required to contribute 150% of each participant's mandatory contribution. The participant's mandatory contribution is 5.2% of the participant's salary. The combined contributions cannot exceed 13 percent of earned income.

Several different payment options, based upon the full accumulated value of participant contributions and the vested portion of employer contributions, are available to the participant upon death, disability, normal retirement at age 60, or early retirement at age 55 with ten consecutive years of participation in the Plan.

The employee and employer contributions are maintained in separate accounts. The employee account is always fully vested. The employer account vests at 20 percent per year for years three through seven in the Plan. For the year ended June 30, 2004, employees contributed \$1,868,484 and the County contributed \$2,748,785 to the Plan.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors or omissions; injuries to employees, and natural disasters. These risks of loss are covered by various commercial insurance policies (with various deductibles) with the exception of workers' compensation and general liability. The County has established Workers' Compensation Loss and Self-Insurance Funds (internal service funds) to account for and finance a portion of its uninsured risks of loss. The County is self-insured up to \$300,000 per occurrence for workers' compensation risks and up to \$100,000 per occurrence for general liability risks. The self-insurance programs are administered by the Workers' Compensation and Risk Management Manager. Settled claims have not exceeded commercial coverage in any of the last three years. Commercial insurance covers the excess of the self-insured amount to a maximum of \$1,000,000 for employers' liability and statutory limits for workers' compensation and \$5,000,000 for general liability.

The County utilizes the services of an actuary to prepare an analysis of the self-insured workers' compensation and general liability risks. The analysis is used to assist the County with its financial planning, budgeting and management of the self-insurance programs. The programs are funded on a cash basis with annual premiums charged to all governmental fund types, except Lancaster Manor Fund, based on past experience of incurred losses and remitted to the Workers' Compensation Loss and Self-Insurance Internal Service Funds.

The estimated liability for claims of \$540,126 reported in the Workers' Compensation Loss Fund and \$- 0 - in the General Liability Self-Insurance Fund at June 30, 2004 are based on the requirements of GASB Statement No. 10. This statement requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The County has not purchased annuity contracts from commercial insurers to satisfy certain liabilities under workers' compensation or general liability claims. The change in the estimated liability for claims is as follows for the year ended June 30, 2004:

	General Liability	Workers' Compensation	Total
Beginning balance		323,216	323,216
Current year claims and changes in estimates	30,842	730,741	761,313
Claims payment	(30,842)	(513,561)	(544,403)
Ending balance	<u> </u>	<u>540,126</u>	<u>540,126</u>

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. COMMITMENTS AND CONTINGENT LIABILITIES

Federal Financial Assistance

The County participates in a number of federally assisted grant programs. Compliance with the grants is subject to audit by various government agencies which may impose sanctions in the event of noncompliance. Management believes that they have complied with all aspects of the various grant provisions and the results of adjustments, if any, relating to such audits would be immaterial to the accompanying combined financial statements.

Other

Several claims were filed against the County relating to several wrongful death suits, injuries and medical expenses. In management's opinion, it is premature at this time to determine the likelihood of an unfavorable outcome or the range of potential loss of these claims.

The Lancaster Manor (a special revenue fund of the County) is not part of the Risk Management Workers' Compensation Fund and pays its claims on a cash basis; thus, no liability has been recorded in the combined statement of assets and other debits, liabilities, fund equity and other credits in the special revenue fund. The amount estimated by the County for Lancaster Manor for pending or threatened litigation for which an unfavorable outcome is reasonably possible is approximately \$202,738. The County has not set aside funds to cover this estimated liability and will pay when and if the claims come due.

NOTE 9. POSTEMPLOYMENT BENEFITS

The postemployment health program was established in September 1998 to enable Lancaster County to set aside monies for employees to use for qualified medical expenses after termination. The money is paid to an account in the employee's name on a "pay as you go" basis. The employee accounts are administered by Nationwide Investment Corporation.

After six months of employment with the County, employees are automatically enrolled in the program at no cost to the employee. The qualification for this program is listed under the Internal Revenue Code 501(c)(9). All contributions and expenditures are outlined in the Trust Agreement and Participation Agreement and may change from time to time to comply with the changes in the Trust Agreement or Tax Code.

The total cost for the postemployment health program for fiscal year 2004 was \$802,280.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONDUIT DEBT

Hospital Authority - Bryan LGH

Lancaster County has issued Revenue Refinancing Bonds for \$35,750,000 to refinance the Series 1988 bonds. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$22,005,000.

Hospital Authority - Lincoln Medical Education Foundation, Inc.

Lancaster County has issued Industrial Development Revenue Bonds for \$4,250,000 to finance a portion of the costs of the acquisition, construction, equipping and installing health care and related facilities. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$1,870,000.

Hospital Authority - Lincoln/Lancaster Drug Projects

Lancaster County has issued Industrial Development Revenue Bonds for \$1,515,000 to acquire and renovate a facility to be occupied by Centerpointe, a substance abuse center. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$1,360,000.

Hospital Authority - Bryan LGH

Lancaster County has issued Industrial Development Revenue Bonds for \$33,980,000 to pay for the cost of constructing, acquiring, equipping and furnishing certain capital improvements to the hospital's facilities. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$26,970,000.

Hospital Authority - Dialysis Center

Lancaster County has issued Industrial Development Revenue Bonds for \$950,000 to provide for payment of principal and interest on the 1996 bonds and to pay a portion of the costs of acquiring equipment and furnishing for a 12 station hemodialysis facility located at 4911 North 26th Street, Lincoln, Nebraska. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$655,000.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONDUIT DEBT (Continued)

Hospital Authority No. 1 - Eastmont Towers Project (Series 2004)

Lancaster County has issued Industrial Development Revenue and Refunding Bonds not to exceed \$4,255,000 to refund the Series 1999 Revenue Bonds (Eastmont Towers Project) both the project and facilities located at 6315 "O" Street, Lincoln, Nebraska. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$4,255,000.

Hospital Authority No. 1

Lancaster County has issued Variable Rate Health Facility Revenue Bonds for \$37,000,000 to finance the cost of purchasing, constructing, acquiring and improving a health care and residential facility for the elderly owned by Immanuel Retirement Communities. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$35,035,000.

Hospital Authority - Bryan LGH

Lancaster County has issued Hospital Revenue Bonds for \$78,380,000 to be used for the Bryan LGH Medical Center Project. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$78,380,000.

Lincoln Machine, Inc.

Lancaster County has issued Industrial Development Revenue Term Bonds for \$34,000,000 to be used to finance a portion of the costs to acquire, construct and equip a manufacturing facility for the use of L and R Properties Limited Partnership and Lincoln Machine, Inc. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$2,295,000.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONDUIT DEBT (Continued)

Hospital Authority - Development Services of Nebraska

Lancaster County has issued Industrial Development Revenue Bonds for \$1,400,000 to finance health care facilities to be located at 8125 Joshua Drive, 1720 Timber Ridge Road and 5001 North 57th Street. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$1,209,002.

Hospital Authority No. 1 - Community Blood Bank/Lancaster County Medical Society

Lancaster County has issued Revenue Bonds for 2,500,000 for the Community Blood Bank of Lancaster County Medical Society Project. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$2,200,000.

Tabitha, Inc.

Lancaster County has issued Industrial Development Bonds for \$1,389,000 to be used for the acquisition, construction and equipping of improvements and additions to health care facilities owned and operated by Tabitha, Inc. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$1,194,756.

Plastic Companies Enterprises Inc. (Series 2002)

Lancaster County has issued Industrial Development Revenue Bonds not to exceed \$1,300,000 to defray all or a portion of the cost of acquiring and installing certain equipment for the molding of plastics and related necessary and appropriate equipment and facilities located in Lancaster County, Nebraska and to operated by Plastic Companies Enterprises, Inc., a Texas corporation and its wholly-owned subsidiaries, Geist Manufacturing Corp. and Heinke Technology, Inc. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$1,053,968.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONDUIT DEBT (Continued)

Hospital Authority No. 1 - Tabitha, Inc. Project (Series 2003)

Lancaster County has issued Industrial Development Revenue Bonds to acquire, construct and equip improvements and additions to health care facilities owned and operated by Tabitha, Inc. for facilities located at 4720 Randolph Street in Lincoln, Nebraska. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$3,151,607.

Hospital Authority No. 1 - Madonna Rehabilitation Project (Series 2003 A, B & C)

Lancaster County has issued Industrial Development and Refunding Bonds for the purpose of providing financing for the acquisition and installation of equipment and related remodeling for use by Madonna at its rehabilitation facilities. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$8,790,000.

Hospital Authority No. 1 - Bryan LGH Medical Center Project (Series 2002)

Lancaster County has issued Industrial Development Revenue Bonds not to exceed \$45,000,000 for the benefit of Bryan LGH Medical Center, the general functional description of the type and use of the project being the acquisition and installation of equipment and related remodeling for use by Bryan LGH at its acute care hospital facilities. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$41,645,000.

Hospital Authority No. 1 - Grand Lodge Project

Lancaster County has issued Industrial Development Revenue Bonds for \$9,700,000 for the Grand Lodge Project, Grand Lodge Retirement Community, Inc., an ancillary care facility. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$9,700,000.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONDUIT DEBT (Continued)

Hospital Authority No. 1 - Bryan LGH (Series 1996)

Lancaster County has issued Industrial Development Revenue Bonds for \$34,725,000 to finance a portion of the acquisition expenses by Bryan LGH of certain assets of Lincoln General Hospital, to pay for routine capital expenditures of Lincoln General Hospital, to pay the premium on the bond insurance policy and to pay certain costs incurred in connection with the issuance of the 1997B bonds. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$34,725,000.

Lincoln Action Program (Series 1999)

Lancaster County has issued Industrial Development Revenue Bonds for \$2,500,000 to finance the construction of the new facility for lease to the Lincoln Action Program. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$2,365,000.

Goodwill Industries (Series 1999)

Lancaster County has issued Industrial Development Revenue Bonds for \$500,000 to acquire and construct an industrial warehouse facility and remodel office space and related improvements. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$375,139.

Garner Industries (Series 2000 A and B)

Lancaster County has issued Industrial Development Revenue Bonds for \$6,500,000 for the acquisition, construction, installation and completion of land and depreciable property for a manufacturing project for Garner Industries, Inc. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$5,760,000.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 10. CONDUIT DEBT (Continued)

Hospital Authority No. 1 - Child Guidance Project (Series 2003)

Lancaster County has issued Industrial Development Revenue and Refunding Bonds not to exceed \$1,300,000 for the purpose of providing financing for the Lincoln/Lancaster County Child Guidance Center, Inc. Project. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$977,904.

Hospital Authority No. 1 - Cornhusker Place Project (Series 2003)

Lancaster County has issued Industrial Development Revenue and Refunding Bonds not to exceed \$2,200,000 to refinance existing debt and to make improvements to the facility located at 721 "K" Street, Lincoln, Nebraska. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$1,580,000.

Hospital Authority No. 1 - CenterPointe Project (Series 2004)

Lancaster County has issued Industrial Development Revenue and Refunding Bonds not to exceed \$2,300,000 to finance the cost of acquiring certain real property and paying the costs of construction, installation, equipping and furnishing a building on such real property for the CenterPointe project. Neither Lancaster County nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of June 30, 2004, the aggregate principal amount payable was \$2,300,000.

NOTE 11. SUBSEQUENT EVENTS

New Bond Issue

The Lancaster County Board of Commissioners passed a resolution on June 22, 2004 to issue Limited Tax Building Bonds, Series 2004 in the amount of \$4,640,000. The bond principal will mature on November 1 in the years and in the principal amounts set forth in the bond issuance document. Interest on the bonds is payable on May 1 and November 1 of each year, commencing May 1, 2005. Bonds maturing on or after November 1, 2009 shall be redeemable prior to their stated date of maturity at the option of the County in whole or in part at any time on or after the fifth anniversary of the date of issuance, sale and delivery of the bonds at a redemption price equal to 100% of the principal amount thereof, plus accrued interest on such principal amount to the date of redemption.

LANCASTER COUNTY, NEBRASKA
NOTES TO FINANCIAL STATEMENTS

NOTE 11. SUBSEQUENT EVENTS (Continued)

New Bond Issue (Continued)

The County will use the net proceeds derived from the sale of the Series 2004 Bonds to pay the cost of:

1. Acquiring the Community Blood Bank Building located at 2966 "O" Street in Lincoln, Nebraska, (containing approximately 8,900 square feet) and renovating, remodeling, repairing and improving the same to provide mental health services facilities to the County (the "Mental Health Building Project");
2. Renovating, remodeling, repairing and improving the former juvenile detention facility located at 2220 S. 10th Street in Lincoln, Nebraska (containing approximately 11,000 square feet) for lease to CenterPointe, Inc. (the "CenterPointe Project"), to be used as a youth residential mental health and substance abuse treatment center;
3. Constructing, acquiring, equipping and furnishing an approximately 10,000 square foot vehicle storage facility for use by the County Sheriff and the County's Emergency Management personnel (the "County Garage Project") to house certain vehicles of the County and those impounded by the County;
4. Upgrading the property tax and recording system currently used by the County Assessor/Register of Deeds (the "County Computer Project") by the acquisition of computer mass appraisal software and treasurer tax billing and receipting software and record software for the register of deeds; and
5. Upgrading the security system currently used by the correctional facility located at 605 S. 10th Street in Lincoln, Nebraska (the "County Security Project") by the acquisition of an integrated camera, monitor and intercom access control system to replace a 13-year old system included in the original construction of the 237-bed maximum security facility.

Redemption of Outstanding Bonds

The Lancaster County Board of Commissioners passed a resolution dated November 9, 2004, calling all of (A) the \$90,000 outstanding principal amount of the County's Limited Tax Building Bonds, Series 1995, (B) the \$345,000 outstanding principal amount of the County's Limited Tax Building Bonds, Series 1995B, and (C) the \$3,240,000 outstanding principal amount of the County's Limited Tax Building Bonds, Series 1999, for redemption and payment prior to the maturity thereof on December 15, 2004, providing notice of redemption and related matters.

REQUIRED SUPPLEMENTAL INFORMATION

LANCASTER COUNTY, NEBRASKA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Amounts)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	42,811,324	42,811,324	43,046,763	235,439
License, fees and rental income	12,556,787	12,556,787	13,572,104	1,015,317
Interest on investments	800,225	800,225	661,278	(138,947)
Intergovernmental	3,952,842	3,952,842	5,063,526	1,110,684
Other receipts	499,150	499,150	1,051,079	551,929
Total receipts	<u>60,620,328</u>	<u>60,620,328</u>	<u>63,394,750</u>	<u>2,774,422</u>
DISBURSEMENTS				
Governmental activities				
General Government	20,200,639	19,340,480	17,055,611	2,284,869
Public Safety	30,986,170	31,300,664	30,641,725	658,939
Public Welfare and Social Services	8,290,271	8,795,771	8,611,307	184,464
Public Works	2,558,686	2,598,851	2,567,204	31,647
Public Health	146,802	146,802	127,446	19,356
Total disbursements	<u>62,182,568</u>	<u>62,182,568</u>	<u>59,003,293</u>	<u>3,179,275</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(1,562,240)</u>	<u>(1,562,240)</u>	<u>4,391,457</u>	<u>5,953,697</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	265,691	265,691	412,700	147,009
Operating transfers out	<u>(5,198,374)</u>	<u>(5,198,374)</u>	<u>(5,055,862)</u>	<u>142,512</u>
Total other financing sources (uses)	<u>(4,932,683)</u>	<u>(4,932,683)</u>	<u>(4,643,162)</u>	<u>289,521</u>
NET CHANGE IN FUND BALANCE	<u>(6,494,923)</u>	<u>(6,494,923)</u>	<u>(251,705)</u>	<u>6,243,218</u>
FUND BALANCE, beginning of year	<u>10,785,908</u>	<u>10,785,908</u>	<u>10,785,908</u>	
FUND BALANCE, end of year	<u>4,290,985</u>	<u>4,290,985</u>	<u>10,534,203</u>	<u>6,243,218</u>

LANCASTER COUNTY, NEBRASKA
BRIDGE AND SPECIAL ROAD FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Amounts)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes			6	6
License, fees and rental income	458,000	458,000	363,652	(94,348)
Interest on investments	35,000	35,000	56,967	21,967
Other receipts	10,000	10,000	1,000	(9,000)
Total receipts	<u>503,000</u>	<u>503,000</u>	<u>421,625</u>	<u>(81,375)</u>
DISBURSEMENTS				
Governmental activities				
Public Works	<u>5,516,295</u>	<u>5,516,295</u>	<u>6,321,036</u>	<u>(804,741)</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(5,013,295)	(5,013,295)	(5,899,411)	(886,116)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	<u>4,254,572</u>	<u>4,254,572</u>	<u>4,254,572</u>	<u> </u>
NET CHANGE IN FUND BALANCE	(758,723)	(758,723)	(1,644,839)	(886,116)
FUND BALANCE, beginning of year	<u>3,950,698</u>	<u>3,950,698</u>	<u>3,950,698</u>	<u> </u>
FUND BALANCE, end of year	<u>3,191,975</u>	<u>3,191,975</u>	<u>2,305,859</u>	<u>(886,116)</u>

LANCASTER COUNTY, NEBRASKA
HIGHWAY FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Amounts)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
License, fees and rental income	25,000	25,000	28,732	3,732
Interest on investments	30,000	30,000	23,808	(6,192)
Intergovernmental	5,175,625	5,175,625	5,220,088	44,463
Other receipts	25,000	25,000	92,589	67,589
Total receipts	<u>5,255,625</u>	<u>5,255,625</u>	<u>5,365,217</u>	<u>109,592</u>
DISBURSEMENTS				
Governmental activities				
Public Works	<u>5,517,238</u>	<u>5,517,238</u>	<u>5,424,338</u>	<u>92,900</u>
NET CHANGE IN FUND BALANCE	(261,613)	(261,613)	(59,121)	202,492
FUND BALANCE, beginning of year	<u>1,610,787</u>	<u>1,610,787</u>	<u>1,610,787</u>	
FUND BALANCE, end of year	<u>1,349,174</u>	<u>1,349,174</u>	<u>1,551,666</u>	<u>202,492</u>

LANCASTER COUNTY, NEBRASKA
GRANTS FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Amounts)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes			2,497	2,497
License, fees and rental income	11,080,000	11,080,000	11,047,420	(32,580)
Interest on investments			3,606	3,606
Intergovernmental	4,516,635	4,516,635	3,332,698	(1,183,937)
Other receipts	10,001	10,001	85,694	75,693
Total receipts	<u>15,606,636</u>	<u>15,606,636</u>	<u>14,471,915</u>	<u>(1,134,721)</u>
DISBURSEMENTS				
Governmental activities				
General Government	<u>16,481,008</u>	<u>16,481,008</u>	<u>14,694,530</u>	<u>1,786,478</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	<u>(874,372)</u>	<u>(874,372)</u>	<u>(222,615)</u>	<u>651,757</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	586,402	586,402	577,033	(9,369)
Operating transfers out			<u>(20,979)</u>	<u>(20,979)</u>
Total other financing sources (uses)	<u>586,402</u>	<u>586,402</u>	<u>556,054</u>	<u>(30,348)</u>
NET CHANGE IN FUND BALANCE	(287,970)	(287,970)	333,439	621,409
FUND BALANCE, beginning of year	<u>287,970</u>	<u>287,970</u>	<u>287,970</u>	
FUND BALANCE, end of year			<u>621,409</u>	<u>621,409</u>

LANCASTER COUNTY, NEBRASKA
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Amounts)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes	2,102,679	2,102,679	1,823,689	(278,990)
Intergovernmental	70,300	70,300	113,237	42,937
Other receipts				
Total receipts	<u>2,172,979</u>	<u>2,172,979</u>	<u>1,936,926</u>	<u>(236,053)</u>
DISBURSEMENTS				
Debt service				
Interest				
Principal	<u>5,416,014</u>	<u>5,416,014</u>	<u>3,139,574</u>	<u>2,276,440</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(3,243,035)	(3,243,035)	(1,202,648)	2,040,387
OTHER FINANCING SOURCES (USES)				
Operating transfers in				
NET CHANGE IN FUND BALANCE	(3,243,035)	(3,243,035)	(1,202,648)	2,040,387
FUND BALANCE, beginning of year	<u>3,243,035</u>	<u>3,243,035</u>	<u>3,243,035</u>	
FUND BALANCE, end of year			<u>2,040,387</u>	<u>2,040,387</u>

LANCASTER COUNTY, NEBRASKA
FAMILIES FIRST FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Amounts)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Intergovernmental	8,179,862	8,179,862	7,779,471	(400,391)
Other receipts	8,500	8,500		(8,500)
Total receipts	<u>8,188,362</u>	<u>8,188,362</u>	<u>7,779,471</u>	<u>(408,891)</u>
DISBURSEMENTS				
Governmental activities				
Public Welfare and Social Services	<u>9,046,116</u>	<u>9,046,116</u>	<u>6,458,534</u>	<u>2,587,582</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(857,754)	(857,754)	1,320,937	2,178,691
OTHER FINANCING SOURCES (USES)				
Operating transfers in	189,869	189,869	65,499	(124,370)
Operating transfer out			<u>(133,000)</u>	<u>(133,000)</u>
Total other financing sources (uses)	<u>189,869</u>	<u>189,869</u>	<u>(67,501)</u>	<u>(257,370)</u>
NET CHANGE IN FUND BALANCE	(667,885)	(667,885)	1,253,436	1,921,321
FUND BALANCE, beginning of year	<u>667,885</u>	<u>667,885</u>	<u>667,885</u>	
FUND BALANCE, end of year			<u>1,921,321</u>	<u>1,921,321</u>

LANCASTER COUNTY, NEBRASKA
LANCASTER MANOR FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	Budgeted Amounts		Actual Amounts (Budgetary Amounts)	Variance with Final Budget Positive (Negative)
	Original	Final		
RECEIPTS				
Taxes				
License, fees and rental income	15,115,011	15,115,011	15,097,800	(17,211)
Other receipts			89,395	89,395
Total receipts	<u>15,115,011</u>	<u>15,115,011</u>	<u>15,187,195</u>	<u>72,184</u>
DISBURSEMENTS				
Governmental activities				
Public Health	<u>16,092,925</u>	<u>16,092,925</u>	<u>15,401,121</u>	<u>691,804</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(977,914)	(977,914)	(213,926)	763,988
OTHER FINANCING SOURCES (USES)				
Operating transfers in			<u>2,500</u>	<u>2,500</u>
NET CHANGE IN FUND BALANCE	(977,914)	(977,914)	(211,426)	766,488
FUND BALANCE, beginning of year	<u>1,100,698</u>	<u>1,100,698</u>	<u>1,104,198</u>	<u>3,500</u>
FUND BALANCE, end of year	<u>122,784</u>	<u>122,784</u>	<u>892,772</u>	<u>769,988</u>

LANCASTER COUNTY, NEBRASKA
COMMUNITY MENTAL HEALTH FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Amounts)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Taxes	1,794,975	1,794,975	1,640,483	(154,492)
License, fees and rental income	1,220,000	1,220,000	1,105,659	(114,341)
Intergovernmental	4,804,451	4,804,451	4,748,555	(55,896)
Other receipts	158,356	158,356	126,069	(32,287)
Total receipts	<u>7,977,782</u>	<u>7,977,782</u>	<u>7,620,766</u>	<u>(357,016)</u>
DISBURSEMENTS				
Governmental activities				
Public Health	<u>8,297,224</u>	<u>8,297,224</u>	<u>7,706,502</u>	<u>590,722</u>
EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS	(319,442)	(319,442)	(85,736)	233,706
OTHER FINANCING SOURCES (USES)				
Operating transfers in	_____	_____	_____	_____
NET CHANGE IN FUND BALANCE	(319,442)	(319,442)	(85,736)	233,706
FUND BALANCE, beginning of year	<u>319,442</u>	<u>319,442</u>	<u>319,442</u>	_____
FUND BALANCE, end of year	_____	_____	<u>233,706</u>	<u>233,706</u>

LANCASTER COUNTY, NEBRASKA
PROPERTY MANAGEMENT FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Amounts)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
RECEIPTS				
Taxes				
License, fees and rental income	<u>2,591,236</u>	<u>2,591,236</u>	<u>2,441,430</u>	<u>(149,806)</u>
Total receipts	<u>2,591,236</u>	<u>2,591,236</u>	<u>2,441,430</u>	<u>(149,806)</u>
DISBURSEMENTS				
Governmental activities				
General Government	<u>2,430,133</u>	<u>2,430,133</u>	<u>2,415,142</u>	<u>14,991</u>
NET CHANGE IN FUND BALANCE	161,103	161,103	26,288	(134,815)
FUND BALANCE, beginning of year	<u>(161,103)</u>	<u>(161,103)</u>	<u>(161,103)</u>	<u> </u>
FUND BALANCE, end of year	<u> </u>	<u> </u>	<u>(134,815)</u>	<u>(134,815)</u>

LANCASTER COUNTY, NEBRASKA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION

NOTE 1. BUDGETARY COMPARISON SCHEDULES

Basis of Accounting

The accompanying budgetary comparison schedules are presented on the cash basis of accounting. This basis is consistent with the basis of accounting used in preparing the fund financial statements. All unexpended appropriations lapse at the end of the budget year. However, some appropriations may be encumbered at year end and disbursed in the following year due to the nature of the project.

Budget Law

The County is required by state law to hold public hearings and adopt annual budgets for all funds on the cash basis of accounting. Total expenditures for each fund may not exceed the total budgeted expenditures. Any revisions to the adopted budget of total expenditures to any fund require a public hearing. Although the Bridge and Special Road Fund expenses exceeded the budget by \$804,741, included were expenditures of \$1,409,823 committed in open projects of the previous fiscal year.

OTHER SUPPLEMENTAL INFORMATION

LANCASTER COUNTY, NEBRASKA
COMBINING BALANCE SHEET - MODIFIED CASH BASIS
NONMAJOR SPECIAL REVENUE AND CAPITAL PROJECT FUNDS
JUNE 30, 2004

	Special Revenue								Capital Projects		
	Weed Control Fund	County Property Management Fund	Building Maintenance Fund	Visitors Promotion Fund	Rural Library Fund	Veterans' Aid Fund	Keno Fund	Economic Development Fund	Rural Enterprise Fund	Building Fund	Total Other Governmental Funds
ASSETS											
ASSETS											
Cash and investments	67,133	(41,124)	(21,331)	64,151	34,514	23,198	1,277,128	533,617	93,515	379,772	2,410,573
Due from other government agencies					1,570					418	1,988
TOTAL ASSETS	<u>67,133</u>	<u>(41,124)</u>	<u>(21,331)</u>	<u>64,151</u>	<u>36,084</u>	<u>23,198</u>	<u>1,277,128</u>	<u>533,617</u>	<u>93,515</u>	<u>380,190</u>	<u>2,412,561</u>
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Vouchers payable	3,696	44,126	8,727	57,677						37,288	151,514
Other liabilities	5,627	11,475									17,102
Due to other government agencies											
Total liabilities	<u>9,323</u>	<u>55,601</u>	<u>8,727</u>	<u>57,677</u>						<u>37,288</u>	<u>168,616</u>
FUND BALANCES											
Reserved for:											
Encumbrances							678,293				678,293
Unreserved	57,810	(96,725)	(30,058)	6,474	36,084	23,198	598,835	533,617	93,515	342,902	1,565,652
Total fund balances	<u>57,810</u>	<u>(96,725)</u>	<u>(30,058)</u>	<u>6,474</u>	<u>36,084</u>	<u>23,198</u>	<u>1,277,128</u>	<u>533,617</u>	<u>93,515</u>	<u>342,902</u>	<u>2,243,945</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>67,133</u>	<u>(41,124)</u>	<u>(21,331)</u>	<u>64,151</u>	<u>36,084</u>	<u>23,198</u>	<u>1,277,128</u>	<u>533,617</u>	<u>93,515</u>	<u>380,190</u>	<u>2,412,561</u>

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
NONMAJOR SPECIAL REVENUE AND CAPITAL PROJECT FUNDS
JUNE 30, 2004

	SPECIAL REVENUE										Capital Projects	Total Other Governmental Funds
	Weed Control Fund	County Property Management Fund	Building Maintenance Fund	Visitors Promotion Fund	Rural Library Fund	Veterans Aid Fund	Keno Fund	Economic Development Fund	Rural Enterprise Fund	Building Fund		
REVENUES												
Taxes	4			867,914	635,972	2				66,554	1,570,446	
Charges for services	21,717	7,811	203,103								232,631	
License, fees and rental income		869,334								2,791	872,125	
Interest on investments								7,754	1,804		9,558	
Intergovernmental	117,665	1,694					942,713	174,599			292,264	
Other receipts	15,871							122,562	2,265		1,085,105	
Total revenues collected	155,257	878,839	203,103	867,914	635,972	2	942,713	304,915	4,069	69,345	4,062,129	
EXPENDITURES												
Governmental activities				939,747		7,500					939,747	
General Government											7,500	
Public Welfare and Social Services							220,796	199,313		242,647	2,336,077	
Public Works	265,114	1,046,658	361,549		609,680						609,680	
Culture and Recreation				939,747	609,680	7,500	220,796	199,313		242,647	3,893,004	
Total expenditures paid	265,114	1,046,658	361,549	939,747	609,680	7,500	220,796	199,313				
EXCESS (DEFICIENCY) OF REVENUES	(109,857)	(167,819)	(158,446)	(71,833)	26,292	(7,498)	721,917	105,602	4,069	(173,302)	169,125	
OTHER FINANCING SOURCES (USES)												
Operating transfers in	105,598	57,630					(265,691)				163,228	
Operating transfers out											(265,691)	
Total other financing sources (uses)	105,598	57,630					(265,691)				(102,463)	
NET CHANGE IN FUND BALANCES	(4,259)	(110,189)	(158,446)	(71,833)	26,292	(7,498)	456,226	105,602	4,069	(173,302)	66,662	
FUND BALANCES, beginning of year	62,069	13,464	128,388	78,307	9,792	30,696	820,902	428,015	89,446	516,204	2,177,283	
FUND BALANCES, end of year	57,810	(96,725)	(30,058)	6,474	36,084	23,198	1,277,128	533,617	93,515	342,902	2,243,945	

See accompanying notes to financial statements.

LANCASTER COUNTY, NEBRASKA
COMPARATIVE ANALYSIS OF TAXES CERTIFIED, CORRECTIONS AND COLLECTIONS
FOR THE FIVE YEARS ENDED JUNE 30, 2004

	Tax Year			
	1999	2000	2001	2003
TAX CERTIFIED BY ASSESSOR				
Real estate	199,325,546	203,806,692	225,017,438	274,410,927
Personal	13,537,222	13,992,687	14,317,710	13,475,101
Specials	4,698,411	5,171,542	5,325,976	4,990,287
Total	217,561,179	222,970,921	244,661,124	292,876,315
CORRECTIONS				
Additions	68,648	180,962	54,143	(581,961)
Deductions				(376,458)
Net corrections	68,648	180,962	54,143	(581,961)
TOTAL CERTIFIED TAX	217,629,827	223,151,883	244,715,267	292,294,354
NET TAX COLLECTED BY COUNTY TREASURER DURING FISCAL YEAR ENDED:				
June 30, 2000	121,995,358			
June 30, 2001	95,437,529	124,421,356		
June 30, 2002	148,773	98,455,531	135,186,404	
June 30, 2003	23,087	108,521	109,243,607	144,271,893
June 30, 2004	2,557	41,548	244,085	163,580,726
TOTAL NET TAX COLLECTIONS	217,607,304	223,026,956	244,674,096	163,580,726
TOTAL UNCOLLECTED TAX	22,523	124,927	41,171	128,713,628
PERCENTAGE OF UNCOLLECTED TAX AS OF JUNE 30, 2004	0.01	0.06	0.02	44.04

LANCASTER COUNTY, NEBRASKA
COUNTY CLERK
STATEMENT OF ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2004

BALANCE ON HAND, beginning of year	<u>50</u>
COLLECTIONS	
Recording and miscellaneous fees	8,712
Marriage license fees	33,435
Liquor licenses	<u>11,670</u>
Total collections	<u>53,817</u>
CREDITS	
Paid to County Treasurer	
Recording and miscellaneous fees	8,712
Marriage license fees	33,435
Liquor licenses	<u>11,670</u>
Total credits	<u>53,817</u>
BALANCE ON HAND, end of year	<u><u>50</u></u>

LANCASTER COUNTY, NEBRASKA
REGISTER OF DEEDS
STATEMENT OF ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2004

BALANCE ON HAND, beginning of year	<u>184,501</u>
RECEIPTS	
Documentary Stamp tax	2,376,604
Recording fees	2,090,134
Interest on checking account	<u>4,013</u>
Total receipts	<u>4,470,751</u>
DISBURSEMENTS	
Paid to County Treasurer	
Documentary Stamp tax	671,915
Recording fees	2,109,079
Nonfiling fee	<u>4,085</u>
Paid to state	
Documentary Stamp tax	<u>1,617,974</u>
Total disbursements	<u>4,403,053</u>
BALANCE ON HAND, end of year	<u><u>252,199</u></u>
SUMMARY OF BALANCE ON HAND, end of year	
Cash on hand	<u><u>252,199</u></u>

LANCASTER COUNTY, NEBRASKA
CLERK OF DISTRICT COURT
STATEMENT OF ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2004

BALANCE ON HAND, beginning of year	<u>4,006,513</u>
RECEIPTS, TRUST FUNDS (including alimony, child support and fees)	<u>12,123,339</u>
DISBURSEMENTS, TRUST FUNDS (including alimony, child support and fees)	<u>13,942,064</u>
BALANCE ON HAND, end of year	<u>2,187,788</u>
SUMMARY OF BALANCE ON HAND, end of year	
Cash on hand	300
Cash in bank	1,384,035
Cash in investments	<u>803,453</u>
Total balance on hand	<u>2,187,788</u>

LANCASTER COUNTY, NEBRASKA
SHERIFF
STATEMENT OF ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2004

BALANCE ON HAND, beginning of year	<u>75,899</u>
RECEIPTS	
Tax account	317,488
Fee account	372,021
Sales and executions collected on behalf of the Clerk of the District Court	160,379
Contracts, grants, special projects and miscellaneous	662,682
Vehicle inspection fees	127,250
Attorneys' Trust	<u>1,686</u>
Total receipts	<u>1,641,506</u>
DISBURSEMENTS	
Tax account	329,650
Fee account	370,097
Sales and executions disbursed to the Clerk of the District Court	162,522
Contracts, grants, special projects and miscellaneous	662,751
Vehicle inspection fees	127,250
Attorneys' Trust	<u>1,686</u>
Total disbursements	<u>1,653,956</u>
BALANCE ON HAND, end of year	<u>63,449</u>
SUMMARY OF BALANCE ON HAND, end of year	
Cash in bank	<u>63,449</u>

LANCASTER COUNTY, NEBRASKA
COUNTY ATTORNEY
STATEMENT OF ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2004

BALANCE ON HAND, beginning of year	<u>33,951</u>
RECEIPTS	
Collections on bad checks	565,600
Collection fees	70,650
Interest	<u>140</u>
Total receipts	<u>636,390</u>
DISBURSEMENTS	
Payments on bad checks collected	564,530
Collection fees remitted to County Treasurer	70,650
Interest	<u>140</u>
Total disbursements	<u>635,320</u>
BALANCE ON HAND, end of year	<u>35,021</u>
SUMMARY OF BALANCE ON HAND, end of year	
Cash in bank	16,699
Certificate of deposit	10,000
Balance with County Treasurer	<u>8,322</u>
Total balance on hand	<u>35,021</u>

LANCASTER COUNTY, NEBRASKA
WEED CONTROL
STATEMENT OF ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2004

BALANCE ON HAND, beginning of year	<u> </u>
RECEIPTS	<u>33,203</u>
DISBURSEMENTS	<u>33,203</u>
BALANCE ON HAND, end of year	<u> </u>

LANCASTER COUNTY, NEBRASKA
CORRECTIONS DEPARTMENT
STATEMENT OF ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2004

BALANCE ON HAND, beginning of year	<u>18,154</u>
RECEIPTS	
Room and board	1,230,285
State prisoner reimbursement	715,330
Inmate Fund	1,998,706
Telephone commissions	119,431
Vending machine commissions	38,788
Work release meals	69,063
Worker commissary reimbursement	10,774
Social security reimbursements	20,000
Miscellaneous	<u>50,637</u>
Total receipts	<u>4,253,014</u>
DISBURSEMENTS	
County Treasurer	2,274,063
Inmate	1,844,807
Vendor	<u>128,263</u>
Total disbursements	<u>4,247,133</u>
BALANCE ON HAND, end of year	<u><u>24,035</u></u>
SUMMARY OF BALANCE ON HAND, end of year	
Petty cash	100
Cash in bank	<u>23,935</u>
Total balance on hand	<u><u>24,035</u></u>

LANCASTER COUNTY, NEBRASKA
ENGINEER
STATEMENT OF ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2004

BALANCE ON HAND, beginning of year	<u> </u>
RECEIPTS	
General Fund	835
Bridge Fund	364,657
Highway Fund	<u>116,104</u>
Total receipts	<u>481,596</u>
DISBURSEMENTS	
General Fund	835
Bridge Fund	364,657
Highway Fund	<u>116,104</u>
Total disbursements	<u>481,596</u>
BALANCE ON HAND, end of year	<u> </u>

LANCASTER COUNTY, NEBRASKA
EXTENSION BOARD
STATEMENT OF ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2004

BALANCE ON HAND, beginning of year	<u> </u>
COLLECTIONS	<u>182,752</u>
CREDITS, PAID TO COUNTY TREASURER	<u>182,752</u>
BALANCE ON HAND, end of year	<u> </u>

LANCASTER COUNTY, NEBRASKA
VETERANS' AID FUND
STATEMENT OF ACCOUNTABILITY
FOR THE YEAR ENDED JUNE 30, 2004

BALANCE ON HAND, beginning of year	<u>12,040</u>
RECEIPTS	
Remittances from Lancaster County Treasurer	<u>7,500</u>
ASSISTANCE EXPENDITURES	
Rent	8,161
Utilities	1,179
Veteran burial	346
Food	1,606
Medical	<u>498</u>
Total assistance expenditures	<u>11,790</u>
BALANCE ON HAND, end of year	<u>7,750</u>
SUMMARY OF BALANCE ON HAND, end of year	
Cash in bank	<u>7,750</u>

LANCASTER COUNTY, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

Federal Grantor/Pass-Through Grantor/Program Title	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>		
Food Distribution Program		
Lancaster Manor	10.550	1,324
Detention Center	10.550	1,365
Passed-through Nebraska Department of Education		
National School Lunch Program		
Detention Center	10.555	53,228
Community Mental Health Center	10.555	<u>24,221</u>
Total Department of Agriculture		<u>80,138</u>
<u>U.S. Department of Justice</u>		
Passed-through State Commission on Law Enforcement and Criminal Justice		
Juvenile Justice and Delinquency Prevention:		
Part E State Challenge Activities	16.549	26,920
State Criminal Alien Assistance Program	16.606	40,823
Drug-Free Communities Support Program Grants	16.729	277,286
County Attorney - Byrne Formula Grant Program	16.579	104,135
County Sheriff - Byrne Formula Grant Program	16.579	51,014
Violence Against Women Formula Grants	16.588	184,269
Title V - Delinquency Prevention Program	16.548	59,603
Juvenile Accountability Incentive Block Grants	16.523	233,632
Drug Court Discretionary Grant Program	16.585	<u>445,840</u>
Total U.S. Department of Justice		<u>1,423,522</u>
<u>U.S. Department of Transportation</u>		
Passed-through Nebraska Department of Motor Vehicles		
State and Community Highway Safety	20.600	37,921
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant	20.601	<u>2,747</u>
Total U.S. Department of Transportation		<u>40,668</u>

LANCASTER COUNTY, NEBRASKA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2004

Federal Grantor/Pass-Through Grantor/Program Title	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Homeland Security</u>		
Passed-through Nebraska Military Department		
Emergency Management Performance Grant	97.042	39,459
Community Emergency Response Teams	97.054	292,976
State and Local All Hazards Emergency Operations Planning	97.051	46,894
State Domestic Preparedness Equipment Support Program	97.004	737,347
Public Assistance Grant	97.036	<u>254</u>
Total U.S. Department of Homeland Security		<u>1,116,930</u>
<u>U.S. Department of Health and Human Services</u>		
Passed-through Nebraska Department of Health and Human Services		
Mental Health Planning and Demonstration Project		
Project Homeless Grant, Mental Health Care	93.150	32,500
Alcohol, Drug Abuse and Mental Health Services		
Block Grant, Mental Health Center	93.958	20,000
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	934,213
Substance Abuse and Mental Health Services Administration		
Projects of Regional and National Significance (CMHC)	93.243	119,611
Passed-through Nebraska Department of Social Services		
Child Support Enforcement, County Attorney	93.563	795,783
Child Support Enforcement, Clerk of District Court	93.563	368,895
Child Support Enforcement, Bailiff District Court	93.563	115,343
Refugee and Entrant Assistance: Targeted Assistance	93.584	<u>275,371</u>
Total U.S. Department of Health and Human Services		<u>2,661,716</u>
<u>Other Federal Assistance</u>		
Social Security Administration		
Social Security Disability Insurance	96.001	20,000
U.S. Entitlement Lands	15.unknown	<u>10,379</u>
Total Other Federal Assistance		<u>30,379</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>5,353,353</u>

LANCASTER COUNTY, NEBRASKA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2004

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Lancaster County, Nebraska, and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2. SUBRECIPIENTS

There are no subrecipients of the federal expenditures presented in the schedule.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Lancaster County, Nebraska

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Lancaster County, Nebraska, as of and for the year ended September 30, 2004, and have issued our report thereon dated December 19, 2004. Our report disclosed that, as described in Note 1 to the financial statements, Lancaster County prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lancaster County, Nebraska's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Lancaster County, Nebraska's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dana J Cole + Company, LLP

Lincoln, Nebraska
December 19, 2004

DANA F. COLE & COMPANY, LLP

CERTIFIED PUBLIC ACCOUNTANTS

1248 O STREET, SUITE 500

LINCOLN, NEBRASKA 68508

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Commissioners
Lancaster County, Nebraska

Compliance

We have audited the compliance of Lancaster County, Nebraska, with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to its major federal program for the year ended June 30, 2004. Lancaster County, Nebraska's major federal programs are identified in the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Lancaster County, Nebraska's management. Our responsibility is to express an opinion on Lancaster County, Nebraska's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Lancaster County, Nebraska's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Lancaster County, Nebraska's compliance with those requirements.

In our opinion, Lancaster County, Nebraska complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Lancaster County, Nebraska is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lancaster County, Nebraska's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Board of Commissioners, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Dana F Cole + Company, LLP

Lincoln, Nebraska
December 19, 2004

LANCASTER COUNTY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

SECTION I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified: ☐ Yes ☒ No

Reportable condition identified
that are not considered to be
material weaknesses: ☐ Yes ☒ None reported

Noncompliance matter to the financial
statements disclosed: ☐ Yes ☒ No

Federal Awards

Internal control over major programs:

Material weakness identified: ☐ Yes ☒ No

Reportable condition identified
that is not considered to be
material weakness: ☐ Yes ☒ None reported

Type of auditors' report issued on
compliance for major programs: Unqualified

Any audit findings disclosed that are
required to be reported in accordance
with section 510(a) of Circular A-133: ☐ Yes ☒ No

Identification of major programs:

Drug Court Discretionary Grant Program	CFDA No. 16.585
State Domestic Preparedness Equipment Support Program	CFDA No. 97.004
Child Support Enforcement	CFDA No. 93.563
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	CFDA No. 93.104

LANCASTER COUNTY, NEBRASKA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2004

SECTION I. SUMMARY OF AUDITORS' RESULTS (Continued)

Dollar Threshold used to distinguish
between type A and type B programs: \$300,000

Auditee qualified as a low-risk Auditee: ☐ Yes ☒ No

SECTION II. FINANCIAL STATEMENT FINDING

None reported.

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

LANCASTER COUNTY, NEBRASKA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2004

No findings noted in the prior year.